consumer action
Education and advocacy since 1971

www.consumer-action.org

PO Box 70037
Washington, DC 20024
202-544-3088

221 Main St, Suite 480
San Francisco, CA 94105
415-777-9648

11901 Santa Monica Blvd,
PMB 563
Los Angeles, CA 90025
213-624-4631

U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

May 20, 2015

Dear Committee Members,

Consumer Action[1] writes to express our strong opposition to "The Financial Regulatory Improvement Act of 2015." This legislation goes way beyond "regulatory relief" for community banks by exempting some of the largest banks from important consumer protections. The timing of this bill is unwise, coming on the heels of reasonable safeguards by Congress to help our economy recover from a financial crisis due in large part to recklessness by the financial industry.

The legislation would harm consumers in these key areas:

Ability to pay protections, Section 106, would exempt a broad range of mortgage loans from prudent guidelines designed to prevent abusive lending and excessive fees and ensure that borrowers can afford the home loan they are approved for.

Rate and fee protections on manufactured housing, Section 108, would roll back consumer protections that limit the ability of lenders to steer borrowers into high-risk, high-fee loans. Under this bill, rates could hit 14 percent and fees could reach 15 percent of a loan's value and still not trigger consumer protections on high cost loans.

Access to HMDA data, Section 111, would delay access to new data on home mortgage lending which is crucial for understanding barriers to credit access, particularly among low-income and minority populations.

---

[1] Consumer Action has been a champion of underrepresented consumers since 1971. A national, nonprofit 501(c)3 organization, Consumer Action focuses on financial education that empowers low to moderate income and limited-English-speaking consumers to financially prosper. It also advocates for consumers in the media and before lawmakers to advance consumer rights and promote industry-wide change particularly in the fields of credit, banking, housing, privacy, insurance and utilities. www.consumer-action.org

We are also concerned about the proposal to add an external ombudsman (Section 104). This would add an unnecessary layer of oversight and allow financial institutions (of all sizes) to merely delay and obfuscate regulatory issues that arise during examinations.

Overall this bill seeks to roll back essential Dodd-Frank Act protections and would add risk and instability to our financial system while once again making it too easy for financial institutions to return to dangerous, predatory lending practices.

Sincerely,

Linda Sherry

Linda Sherry
Director, National Priorities